

**65.065 Budgets -- Application only to fiscal periods ending before July 1, 2014 -- Transition to requirements of KRS 65A.010 to 65A.090 -- Filing -- Financial statements -- Audits -- Enforcement.**

- (1) The provisions of this section shall apply for fiscal periods ending prior to July 1, 2014. For fiscal periods beginning on or after July 1, 2014, the provisions of this section shall no longer apply; instead, the provisions of KRS 65A.010 to 65A.090 shall apply. Districts shall cooperate with the Department for Local Government and the Auditor of Public Accounts to ensure an orderly transition from the reporting requirements of this section to the reporting requirements of KRS 65A.010 to 65A.090. Notwithstanding the dates established by this subsection, the provisions of this section and KRS 65A.010 to 65A.090 shall be administered such that the registration required by KRS 65A.090(1) occurs as required by that subsection, and there is no gap in reporting by entities subject to this section and KRS 65A.010 to 65A.090 as the transition occurs.
- (2) The governing body of each district shall annually prepare a budget and, as appropriate, shall classify budget units in the same fashion as county budgets are classified in accordance with KRS 68.240(2) to (5). The state local finance officer shall prepare standard budget forms for district use and shall furnish them to county clerks for distribution to district officers. No moneys shall be expended from any funds or any sources, except in accordance with the budget which has been filed with the fiscal court to be available for public inspection. No budget of a district shall become effective until filed with the fiscal court of the county in which the district is located for submission to the Department for Local Government. For those districts with multicounty jurisdictions, the district shall file a copy with each of the fiscal courts within the jurisdiction of the district for their review. If the budget is not filed with the fiscal court at least thirty (30) days prior to the start of the district fiscal year, the fiscal court shall immediately notify the county attorney. The county attorney shall then notify the governing board of the special district of the noncompliance and then proceed with any steps necessary to prevent the expenditure of funds by the special district until the district is in compliance.
- (3) The governing body of each district which for the year in question receives from all sources or expends for all purposes less than seven hundred fifty thousand dollars (\$750,000) shall annually prepare a financial statement, except that once every four (4) years the district's governing body shall provide for the performance of an audit as provided in subsection (5) of this section.
- (4) The governing body of each district which for the year in question receives from all sources or expends for all purposes seven hundred fifty thousand dollars (\$750,000) or more shall provide for the performance of an annual audit as provided in subsection (5) of this section.
- (5) To provide for the performance of an audit, the governing body of a district shall employ an independent certified public accountant or contract with the Auditor of Public Accounts to perform an audit of the funds in the district budget. The audit shall conform to:
  - (a) Generally accepted governmental auditing standards, which means those

standards for audits of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States; and

- (b) Additional procedures and reporting requirements as may be required by the Auditor of Public Accounts. A unit of government furnishing funds directly to a district may require additional audits at its own expense. Upon request, the State Auditor of Public Accounts may review the final report and all related work papers and documents of the independent certified public accountant relating to the audit. If a district is required by law to audit its funds more often than is required by this section, it shall perform those audits and may submit them in lieu of the requirements of this section, if the audits meet the requirements of this subsection.
- (6) The provisions of subsection (3) of this section shall not apply to any district that is required by law to annually submit a financial report to an agency of state government. The districts shall annually submit a copy of their financial report to the county judge/executive and to the state local finance officer and once every four (4) years provide for the performance of an audit as provided in subsection (5) of this section.
- (7) Any resident of the district may bring an action in the Circuit Court to enforce the provisions of this section. The Circuit Court shall hear the action and, on a finding that the governing body of the district has violated the provisions of this section, shall order the district to comply with the provisions. The Circuit Court, in its discretion, may allow the prevailing party, other than the district, a reasonable attorney's fee and court costs, to be paid from the district's treasury.

**Effective:** March 21, 2013

**History:** Amended 2013 Ky. Acts ch. 40, sec. 12, effective March 21, 2013. -- Amended 2010 Ky. Acts ch. 117, sec. 48, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 47, sec. 42, effective June 26, 2007; and ch. 114, sec. 1, effective June 26, 2007. -- Amended 2002 Ky. Acts ch. 239, sec. 1, effective July 15, 2002. -- Amended 1998 Ky. Acts ch. 506, sec. 1, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 64, sec. 1, effective July 15, 1996. -- Amended 1984 Ky. Acts ch. 62, sec. 1, effective July 13, 1984. -- Created 1980 Ky. Acts ch. 30, sec. 2, effective July 15, 1980.